EX PARTE OR LATE FILED

Jo Ann Goddard
Director
Federal Regulatory Relations

1275 Pennsylvania Avenue, N.W. Suite 400
Washington, D.C. 20004
(202) 383-6423

PACIFIC TELESIS
Group-Washington

DOCKET FILE COPY ORIGINAL

RECEIVED

DEC - 8 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

December 8, 1993

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 93-162, Phase I - Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection for Special Access*

On behalf of Pacific Bell, please find enclosed an original and two copies of its response to Chris Frentrup of the Tariff Division concerning central office building construction costs. Please associate this material with the above-referenced proceeding.

Two copies of this notice were submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Jo Ann Goddard

Attachment

cc: Chris Frentrup

No. of Copies rec'd 0+1
List ABCDE

RECEIVED

DEC - 8 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection for Special Access	)	CC Docket No. 93-162 Phase I

AFFIDAVIT OF IRAJ BEHSERESHT
IN SUPPORT OF PACIFIC BELL'S DIRECT CASE
CONCERNING CENTRAL OFFICE BUILDING CONSTRUCTION COSTS

I, Iraj Behseresht, attest:

I am Director of the Real Estate Project Management Division of Pacific Bell. My Division provides construction management services for Pacific Bell, including planning, design, contract negotiation, construction, and contractor management. My Division developed, and I personally reviewed, the central office building construction costs that were used as the basis for the current cost estimate that was set forth in Pacific Bell's February 16, 1993 Expanded Interconnection Service Tariff Filing and that was supported in our Direct Case in this proceeding. Our development and verification of those current costs for central offices in California depended both on standard construction industry estimates and on the experience and expertise of myself and of managers that I supervise. Accordingly, first I provide the following brief

background of myself and my Division, then I explain the development of the cost estimate, and finally I provide a brief description of the general nature of central office construction costs.

Background

I received a Bachelor of Sciences Degree, majoring in Electrical Engineering, from California State University at Los Angeles in 1970, and participated in the Construction Executive Program at Stanford University in 1985. I have been employed by Pacific Bell since 1963. For the past 15 years, I have held various positions involving building engineering, including design and construction, budgets, real estate negotiation, real estate project management computer systems, and real estate planning.

I have been the Director of the Real Estate Project Management Division since November of 1992. As Director, I supervise a diverse group of technical managers who address real estate issues pertaining to architectural, structural, electrical, mechanical, ventilation, fire protection, and tenant improvements. My Division is organized into four geographical areas. Each area is led by a Senior Project Manager possessing extensive background in the construction industry.

Based on this experience of myself and others in my Division and on information that we have obtained, I believe that Pacific Bell's estimate of the square foot cost

of constructing central offices is the best estimate obtainable in today's environment.

Development Of The Cost Estimate

Pacific Bell developed the $300 per square foot estimated cost of constructing a central office building as follows:

My Division identified the current cost (as of January 1993) of constructing a central office type building per gross square foot. This cost was developed in two steps. First, we obtained standard per-foot costs for similar projects in California from "Building Construction Cost Data 1993," a reference book published annually by R. S. Means Company, Inc. This reference book is widely used by the construction industry for cost estimates and contains adjustment factors, which we applied, to reflect conditions in California (for instance, seismic requirements). Second, we validated the cost estimates based on our own actual cost experience in recent, comparable construction projects. These recent projects included the 11,000 square foot Blackhawk Central Office, the 10,000 square foot Mission Viejo Central Office, and the 200,000 square foot Fairfield Data Center. Based on our review of these projects, we adjusted the cost estimates where warranted to derive our cost per gross square foot.

Next, the cost per gross square foot was converted by Pacific Bell into a cost per assignable square foot to

account for the fact that not all building space is assignable to tenants. The unassignable portion is common access space that is generally available to all persons who use the building, such as lobbies, elevators, stairwells and common corridors.

The gross square footage cost that my Division developed was $245.34 (see the attachment to this affidavit for details). To be conservative, this figure was rounded downward by Pacific Bell to $240. The figure was then multiplied by a gross-to-assignable square-footage ratio of 1.25, which is the approximate average for all Pacific Bell central offices. This produced the $300 cost per assignable square foot which Pacific Bell set forth in our Tariff Filing and supported in our Direct Case.

The General Nature Of Central Office Construction Costs

Central office ("CO") construction costs are higher than those of standard commercial office buildings for a variety of reasons:

- COs are designed with a cable entrance facility that can accommodate high concentrations of underground cabling and access to vertical cable risers to all floors of the building.
- COs are built with 10 to 15 foot ceilings to accommodate equipment and associated overhead cable racking.
- COs are provided with highly sophisticated and sensitive electrical power and heating, ventilation, and air conditioning ("HVAC") systems which provide a controlled

environment that maintains the ambient conditions required by telecommunications equipment.

- CO floors are designed to hold heavy masses of equipment. A 150 pounds per square foot load standard is used in the structural design.

- COs are designed to accommodate the high stationary load of the structure and concentrated vertical services (for example, plumbing, HVAC, electrical feeders, and floor to floor communications cabling).

- COs are designed to a higher earthquake threshold than other buildings.

- COs are designed to higher standards for the purpose of detecting and restricting the spread of fire.

For all the above reasons, Pacific Bell's current cost estimate for central office construction is reasonable.

Iraj Behseresht

State of California)
) SS.
County of Contra Costa)

Sworn to and subscribed before me, a Notary Public, this 7th Day of December, 1993.

OFFICIAL SEAL
DIANE K. MURPHY
Notary Public-California
CONTRA COSTA COUNTY
My Commission Expires
March 27, 1995

Notary Public

STANDARD PROJECT COST FORMAT

NEW CENTRAL OFFICE BUILDINGS

1/20/93

February 3, 1993 9:54 AM

The following costs are for a single story, new Central Office Building of approximately 10,000 gross square feet, with steel frame and exterior walls of concrete panels on an approximately six acre parcel.

	HARD COSTS	UNIT COSTS (Per Bldg. Sq. Ft)	COMMENTS
1	SITEWORK		
	Site Development	6.00	
	Landscaping	2.00	
	Off-site improvements	5.00	
	Subtotal	13.00	
2	CORE & SHELL		
	Foundations	6.00	
	Structural Frame	12.00	
	Verticle Transportation	2.50	
	Exterior skin	30.00	
	Roofing & Moisture Protection	7.00	
	Fire Protection	5.50	
	Electrical	30.00	
	Plumbing	10.00	
	HVAC	27.00	
	Common Area Finishes	3.50	
	Subtotal	133.50	
3	OFFICE & STORAGE	5.00	
4	GENERAL CONDITIONS	Inc	
5	G. C. OVERHEAD & PROFIT	37.00	
	HARD COSTS	188.50	
6	A/E CONSULTANTS FEES	19.00	10%
7	BUILDING PERMIT FEES	2.82	1.5%
8	CONST. MGMT FEES	9.42	5%
9	TESTING, INSPECTIONS, ETC.	1.60	
10	FINANCING COSTS (IDC)	24.00	9% AT 16 MONTHS
11	CONTIGENCY	0.00	
	SOFT COSTS	56.84	
	TOTAL PROJECT COSTS	245.34	

FOR ENGINES, CONSULT POWER ENGINEERS. XX7C Tanks 10,000 Gallons at $5 Sq. Ft. XX7C

OFF SITE IMPROVEMENTS (FIRE HYDRANTS, ETC.) $5.00 per sq. ft. 20C